

Dear State CSBG Administrators,

A \$149.3 billion package (HR 4213) of program and tax extenders, which reached the Senate floor yesterday, is expected to consume much of the chamber's time this week. Democrats aim to use momentum generated by the recent lapse of unemployment benefits and some highway funding to drive the otherwise routine bill that would extend lapsed tax breaks.

Notably, the measure under consideration would extend the unemployment, health insurance, flood insurance and small-business provisions through December 31st. It would also hold off a scheduled cut in Medicare payments to doctors through September 30th and allow states a six-month increase in federal payments for Medicaid. The core of the bill, however, is nearly \$31 billion in tax extenders that would preserve, through 2010, provisions including the research and development credit, a deduction for teachers' out-of-pocket expenses and incentives for producing biofuels. Moreover, it would extend tax breaks for people affected by natural disasters, provide favorable tax treatment for farm equipment and extend tax incentives for investment in economically distressed areas.

Until this week, Senate Democrats had shown little urgency in addressing the tax extenders. The House passed its bill in December, but the Senate was consumed then with health care (HR 3590). The urgency stems from the ongoing stalemate over a short-term extension ([HR 4691](#)) of several federal programs that expired February 28th such as long-term unemployment benefits and health insurance subsidies for jobless workers. (*Source: Congressional Quarterly*)

We will keep you informed as things progress.